CIC MINERAL INTERESTS CORPORATION

1991 ANNUAL REPORT

LETTER OF TRANSMITTAL

Regina, Saskatchewan
March 30, 1992

To Her Honour
The Honourable Sylvia O. Fedoruk, O.C., S.O.M.
Lieutenant Governor of the Province of Saskatchewan

Madam:

I have the honour to submit herewith the Annual Report of CIC Mineral Interests Corporation for the year ended December 31, 1991, in accordance with **The Potash Corporation of Saskatchewan Act**. The financial statements are in the form approved by the Treasury Board and have been duly reported on by the Corporation's auditors.

I have the honour to be, Madam,

Your obedient servant,

Ned Shillington

Ned Shillington
Minister Responsible
CIC Mineral Interests Corporation

CIC MINERAL INTERESTS CORPORATION

BOARD OF DIRECTORS

Honourable Ned Shillington
Minister Responsible and Chairman

Honourable Ed Tchorzewski

Honourable Carol Teichrob

Honourable Carol Carson

OFFICERS

Donald Ching
President

J. Leslie Wright
Treasurer

Donald Axtell
Secretary

OFFICE

2400 College Avenue
Regina, Saskatchewan
S4P 1C8

CIC MINERAL INTERESTS CORPORATION

1991 SUMMARY

CIC Mineral Interests Corporation - The Holding Company

CIC Mineral Interests Corporation (the Corporation), was established as the Potash Corporation of Saskatchewan by Order-in-Council on February 4, 1975 and continued under **The Potash Corporation of Saskatchewan Act, 1976**. The name of the Corporation was changed to CIC Mineral Interests Corporation on January 10, 1990. On August 15, 1989, **The Potash Corporation of Saskatchewan Reorganization Act** (the **Reorganization Act**) was enacted which allowed the Corporation, or any of its subsidiaries, to sell all or substantially all of their assets or liabilities to a new corporation, Potash Corporation of Saskatchewan Inc. (PCS Inc.). On October 30, 1989, the Corporation and its subsidiaries entered into various agreements under authority of the **Reorganization Act**, which transferred substantially all of its assets and liabilities to PCS Inc. in exchange for 35 million voting common shares of PCS Inc. The effective date of the transfer was November 9, 1989.

Immediately after the sale of assets and liabilities to PCS Inc., the Corporation sold 12,948,300 of its common shares in PCS Inc. The Corporation also placed 11,100,000 common shares in trust to fulfill the exchangeability feature of the Potash Ownership Bonds issued by the Province of Saskatchewan in 1989, of which 11,095,644 common shares remained in trust at December 31, 1991. Ownership of the shares relating to the Potash Ownership Bonds which are not exchanged by December 1, 1992 will revert to the Corporation.

Since 1989, the Corporation had held the remaining 10,951,700 common shares, representing a 28.3% interest, as an investment in PCS Inc. However, on September 9, 1991, the Corporation sold 7,301,133 Special Warrants by way of a private placement by secondary offering. Each Special Warrant consisted of one PCS Inc. common share and one-half of a Common Share Purchase Warrant (Purchase Warrant). Each full Purchase Warrant entitles the holder to purchase one PCS Inc. common share from the Corporation for $18.75 on or before September 30, 1994. Immediately upon closing, the Special Warrants were exercised resulting in the disposition of 7,301,133 PCS Inc. common shares. This reduced the Corporation's ownership interest in PCS Inc. to 3,650,567 common shares. The Corporation placed 3,650,566 of these common shares in trust under terms of a Custodian Agreement to satisfy the possible exercise of the Purchase Warrants. The Corporation maintains beneficial ownership of these shares. Any shares remaining in trust after the close of business on September 30, 1994 will be transferred by the trustee to the Corporation. During December 1991, 20,000 Purchase Warrants were exercised further reducing the Corporation's ownership interest in PCS Inc. to 3,630,567 common shares representing a 9.4% interest.

If all of the Purchase Warrants are exercised and assuming full exchange of the Potash Ownership Bonds, the Corporation's ownership interest in PCS Inc. will be reduced to 1.2% or 457,776 common shares.

Financial Results for 1991

The Corporation reported net earnings of $19.5 million for 1991. This included $10.0 million as its share of the reported net earnings of PCS Inc., as well as $9.3 million in dividends from PCS Inc. PCS Inc. reported net earnings of $45.2 million for the year ended December 31, 1991.

During the year, the Corporation repaid $137.9 million of equity advances to Crown Investments Corporation of Saskatchewan with the proceeds received on the sale of Special Warrants and dividends received from PCS Inc.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

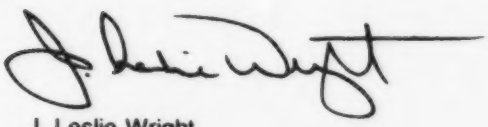
Management has prepared the financial statements of CIC Mineral Interests Corporation (the Corporation) in accordance with generally accepted accounting principles applied on a consistent basis with that of the previous year. The financial data included elsewhere in this report is consistent with the financial statements and the underlying information from which these financial statements were prepared.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfill this responsibility, the Corporation maintains appropriate systems of internal controls, policies and procedures to provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Corporation.

Ernst & Young, the Corporation's external auditors, have reviewed the systems of internal control and audited the financial statements in accordance with generally accepted auditing standards to enable them to express their opinion on the financial statements. Their report appears on the following page.

The financial statements have been examined and approved by the Board of Directors.

On behalf of CIC Mineral Interests Corporation,



J. Leslie Wright
Treasurer

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the consolidated statement of financial position of CIC Mineral Interests Corporation as at December 31, 1991 and the consolidated statements of earnings and reinvested earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Ernst + Young

Regina, Canada
February 28, 1992

Chartered Accountants

CIC MINERAL INTERESTS CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

	1991	1990
	(thousands of dollars)	
ASSETS		
Current		
Dividend receivable	$ 2,651	$ 3,972
Due from Crown Investments Corporation of Saskatchewan (CIC)	3	-
	2,654	3,972
Investment in Potash Corporation of Saskatchewan Inc. (PCS Inc.) (Note 3)	265,362	391,756
	$ 268,016	$ 395,728
LIABILITIES AND PROVINCE'S EQUITY		
Current Liabilities		
Accounts payable and accrued charges	$ 433	$ 13
Due to CIC	-	9,658
	433	9,671
Province of Saskatchewan's Equity		
Equity advances (Note 4)	248,130	386,057
Reinvested earnings	19,453	-
	267,583	386,057
	$ 268,016	$ 395,728

Contingency (Note 7)

(See accompanying notes)

Approved on behalf of the Board:

Ned Shillington, Director

Lorne Leichnitz, Director

CIC MINERAL INTERESTS CORPORATION

CONSOLIDATED STATEMENT OF EARNINGS AND REINVESTED EARNINGS

For the Year Ended December 31

	1991	1990
	(thousands of dollars)	
Revenue		
Share of PCS Inc. earnings	$ 10,039	$ 7,664
Dividends from PCS Inc.	9,301	9,990
Other investment income	1,307	11,674
	20,647	29,328
Operating expenses	21	20
Earnings before the following	20,626	29,308
Loss on sale of shares in PCS Inc.	1,173	-
Loss on issue of shares by PCS Inc.	-	5,197
Net earnings	19,453	24,111
Reinvested earnings (deficit), beginning of year	-	(360,715)
Elimination of deficit pursuant to reorganization (Note 4)	-	360,715
	19,453	24,111
Dividend	-	(24,111)
Reinvested earnings, end of year	$ 19,453	$ -

(See accompanying notes)

CIC MINERAL INTERESTS CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31

	1991	1990
	(thousands of dollars)	
Operating Activities		
Net earnings	$ 19,453	$ 24,111
Dividends received from PCS Inc. on equity basis	3,943	9,857
Add (deduct) non-cash items		
Share of PCS Inc. earnings	(10,039)	(7,664)
Loss on sale of shares in PCS Inc.	1,173	-
Loss on issue of shares by PCS Inc.	-	5,197
	14,530	31,501
Net change in non-cash working capital balances relating to operations	(7,920)	3,056
Cash provided by operating activities	6,610	34,557
Financing Activities		
Equity advance repayment	(137,927)	(225,228)
Dividend	-	(24,111)
Cash used in financing activities	(137,927)	(249,339)
Investing Activities		
Proceeds from exchange of Potash Ownership Bonds	74	4
Proceeds received on sale of shares in PCS Inc.	130,868	-
Proceeds received on exercise of Common Share Purchase Warrants	375	-
Cash provided by investing activities	131,317	4
Net decrease in cash	-	(214,778)
Cash position, beginning of year	-	214,778
Cash position, end of year	$ -	$ -

(See accompanying notes)

CIC MINERAL INTERESTS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1991

1. Accounting Policies

a) Principles of Consolidation

These consolidated financial statements include the accounts of CIC Mineral Interests Corporation (the Corporation) and its wholly owned subsidiary, CIC Mining Corporation.

b) Investment in Potash Corporation of Saskatchewan Inc.

i) Equity Method

The Corporation owned 10,951,700 voting common shares of Potash Corporation of Saskatchewan Inc. (PCS Inc.) to September 9, 1991, representing a 28.3% interest. The Corporation accounted for these shares using the equity method to September 9, 1991 whereby the carrying value of the Corporation's investment in PCS Inc. was adjusted for the Corporation's share of PCS Inc.'s earnings and reduced by dividends from these shares. On September 9, 1991, the Corporation sold 7,301,133 of these shares, as more fully described in Note 3(a), thereby reducing its ownership interest to 9.4%. The Corporation adopted the cost method, as further described below, to account for its remaining shares in PCS Inc. commencing September 10, 1991.

ii) Cost Method

The Corporation also holds 11,095,644 voting common shares of PCS Inc. in trust under conditions further described in Note 3(b). The Corporation accounts for these shares using the cost method. Dividends from these shares are recorded as income when receivable.

2. Status of the Corporation

The Corporation was established as the Potash Corporation of Saskatchewan by Order-in-Council on February 4, 1975 and continued under **The Potash Corporation of Saskatchewan Act**, proclaimed on April 1, 1976. On November 9, 1989, pursuant to **The Potash Corporation of Saskatchewan Reorganization Act** proclaimed on August 15, 1989, the Corporation sold substantially all of its assets and liabilities to PCS Inc. and the Corporation ceased active mining operations. The name of the Corporation was changed to CIC Mineral Interests Corporation on January 10, 1990.

The Corporation's accounts are included in the annual consolidated financial statements of Crown Investments Corporation of Saskatchewan (CIC). The Corporation is a Provincial Crown corporation and therefore neither it, nor its wholly owned subsidiary, are subject to Federal or Provincial income tax.

3. Investment in PCS Inc.

	1991	1990
	(thousands of dollars)	
Share investment - equity method (a)	$ -	$ 191,960
Share investment - cost method (a) (b)	265,362	199,796
	$ 265,362	$ 391,756

a) The Corporation owned 10,951,700 voting common shares of PCS Inc. at December 31, 1990. On September 9, 1991, the Corporation sold 7,301,133 Special Warrants by way of a private placement by secondary offering. Each Special Warrant consisted of one PCS Inc. common share and one-half of a Common Share Purchase Warrant (Purchase Warrant). Each full Purchase Warrant entitles the holder to purchase one PCS Inc. common share from the Corporation for $18.75 on or before September 30, 1994. Immediately upon closing, the Special Warrants were exercised resulting in the disposition of 7,301,133 PCS Inc. common shares. This reduced the Corporation's ownership interest in PCS Inc. to 3,650,567 common shares. The Corporation placed 3,650,566 PCS Inc. common shares in trust under terms of a Custodian Agreement to satisfy the possible exercise of the Purchase Warrants. The Corporation maintains beneficial ownership of these shares. Any shares remaining in trust after the close of business on September 30, 1994 will be transferred by the trustee to the Corporation. During December 1991, 20,000 Purchase Warrants were exercised further reducing the Corporation's ownership interest in PCS Inc. to 3,630,567 common shares representing a 9.4% interest.

The Corporation commenced accounting for the remaining PCS Inc. shares using the cost method effective September 10, 1991. The book value of the remaining shares is $65.6 million at December 31, 1991. The quoted market value of these shares at December 31, 1991 is $76.7 million (1990 - $57.7 million).

b) The Corporation also holds 11,095,644 (1990 - 11,099,763) voting common shares of PCS Inc. in trust to fulfil the exchangeability feature of the Potash Ownership Bonds issued by the Province of Saskatchewan in 1989. Any time after December 1, 1990, and prior to the bond's maturity on December 1, 1992, the holder of each ownership bond may exchange the bond for a certain number of PCS Inc. shares. The holder of the ownership bonds has the right, subject to certain restrictions, to direct the voting of the PCS Inc. common shares for which the ownership bonds are exchangeable. Any shares remaining in trust on December 1, 1992 will be transferred by the trustee to the Corporation. During the year, bonds with a face value of $74,400 were exchanged for 4,119 common shares with a book value of $74,142.

The quoted market value of these shares at December 31, 1991 is $234.4 million (1990 - $176.1 million).

4. Equity Advances

The equity advances received from CIC are non-interest bearing and are repayable at the discretion of CIC. A reorganization of the Corporation's equity advances and consolidated deficit was completed in 1990. The reorganization resulted in the reduction of CIC's equity advances in the amount of $360.7 million with an identical amount applied to eliminate the consolidated deficit at December 31, 1989. During 1991, the Corporation repaid $137.9 million of equity advances to CIC with the proceeds received on the sale of Special Warrants and dividends received from PCS Inc.

5. Related Parties

Included in these consolidated financial statements are expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown-controlled departments, agencies and corporations with which the Corporation is related. Account balances resulting from these transactions are included in the Consolidated Statement of Financial Position and are settled on normal trade terms.

Other amounts due to or from related parties and the terms of settlement are described separately in the consolidated financial statements and notes thereto.

6. Comparative Figures

Certain of the 1990 comparative figures have been reclassified to conform with the current year's presentation.

7. Contingency

The Corporation has entered into an agreement whereby it has guaranteed the lease payments on certain equipment leased by PCS Inc. The present value of capital lease payments is $83 million (1990 - $89 million). However, pursuant to the agreement, PCS Inc. has assumed the lease obligations and indemnified the Corporation from further liability.